

OVERVIEW OF DEVELOPMENT AGREEMENTS

Heer's, John Q. Hammons, and College Station

“Big Picture” Goals



- Build a stronger center city economy
- Put vacant buildings and sites into productive use
- Retain major office user downtown
- Enhance convention center business
- Remarkable progress in past 6 years
- Much work still to do



Heer's Development

Blue Urban, LLC

Kevin McGowan

“Big Picture”



- Downtown icon vacant since 1995
- 140,000 square feet put into productive use
- 61 loft apartments – market rate housing
- First floor retail including a Mike Shannon's Steak and Seafood Restaurant

Heer's Redevelopment History



- 2004 – Development Agreement with Springfield Office Building LLC (Vaughn Prost)
- 2004 - City pledged securities as collateral for Prost's purchase. Prost signed a deed in lieu of foreclosure
- 2006 – Council voted to terminate Development Agreement with Prost & borrowed funds from Missouri Development Finance Board to purchase Heer's

Heer's Redevelopment History



- 2006 – City issued Request for Qualifications.
- 2007 – City entered into Purchase and Development Agreement with Blue Urban LLC (Kevin McGowan)
- 2007 - Property sold to Blue Urban LLC
- 2008 – First amendment to Development Agreement

Heer's Deal Points

Original Agreement



- Building Purchase
 - ▣ Blue Urban purchases building for \$3 Million within 60 days of agreement
- Guarantee of Development
 - ▣ \$250,000 personal guaranty of Kevin and Erin McGowan if construction not started by September 1, 2008.
 - ▣ City has right (but not obligation) to repurchase if construction not started by March 1, 2009

Heer's Deal Points

Original Agreement

- Building Leases
 - Mike Shannon's Steak & Seafood Letter of Intent
 - City will lease 15,000 square feet in lower level and / or 5,000 square feet at another location with option to purchase lower level space
- Parking Deck Lease
 - McGowan has right to lease up to 80 spaces in Heer's parking deck at \$35/space
- Park Central Square
 - City will invest at least \$1 million in Square renovations

Heer's Deal Points

Original Agreement



□ Incentives

- ▣ Developer may request establishment of CID, TDD, and/or TIF and/or property tax abatement through Chapter 353 or Chapter 100 (100% for 25 years)
- ▣ City will receive sales tax from first \$1.25 Million in sales from retail establishments on first floor. Funds pledged to Heer's parking deck obligations
- ▣ Deadlines for developer notice of incentives and City action on incentives

Heer's Deal Points

Original Agreement

□ Put Option

- McGowan may require the City repurchase the building if City fails to commence construction on Square improvements or fails to enact incentives by deadline
- Repurchase price is McGowan's purchase price plus direct and indirect developer costs, and overhead and markup equal to 15% of direct and indirect costs (overhead and markup not to exceed \$250,000)

Heer's First Amendment to Development Agreement

- Eliminated Put Option – no obligation for City to repurchase the building
- Eliminated McGowan's personal guaranty
- Moved all dates forward
 - ▣ Commence construction by 2/1/09
 - ▣ City right to repurchase if construction not started – 2/1/10
 - ▣ City commence construction on Square – 12/1/08
 - ▣ Developer final notice of incentives – 9/30/08
 - ▣ Approval of all incentives – 12/31/08
 - ▣ Availability of lease space for City – 4/1/10

Heer's Development Agreement Update

- City released from leasing obligation 12/11/08
- Square renovation underway
- Building programming has changed from condominiums to loft apartments
- Action Steps
 - ▣ McGowan submits final application to HUD
 - ▣ Amend Development Agreement
 - ▣ Council consideration of incentive package
 - ▣ Construction begins as early as January 2010
 - ▣ One year construction period





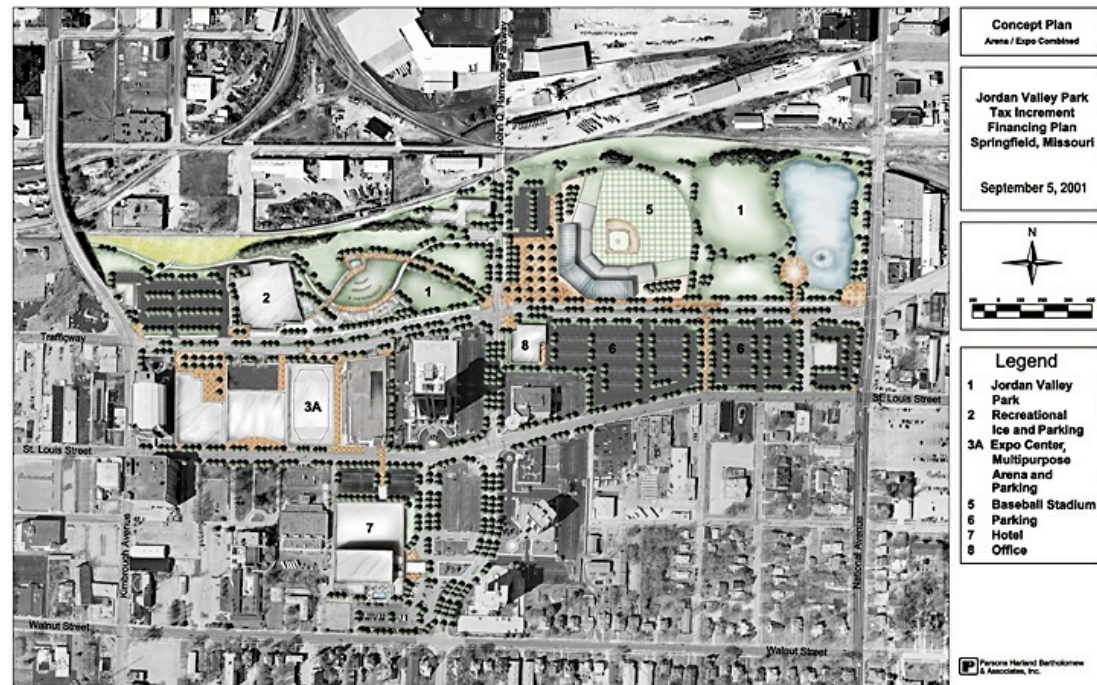
Jordan Valley Park TIF

John Q. Hammons

Opus Northwest, LLC

Jordan Valley Park TIF District

- 2000 – TIF Plan adopted; amended 2001
- Purpose of TIF District is to fund the Exposition Center (City-owned, managed by John Q. Hammons)



Jordan Valley Park TIF



- TIF Plan components
 - Park and streetscapes
 - Ice Park
 - Exposition Center
 - Retail Activity
 - Baseball Stadium
 - Parking Deck
 - Community Multipurpose Facility (Arena)
 - University Plaza Hotel expanded and upgraded
 - Office Tower
 - Business Class Hotel (not in original plan)

Redevelopment of Arena Site



- 2006 - Agreement with Missouri State University
 - Periodic use of Hammons Student Center
 - City agrees not to build a competing arena
- 2007 – City convenes TIF Commission and solicits proposals for development of arena site
- October 2007 – Term Sheet adopted by City Council
- May 2008 – Development Agreement approved
- September 2008 – First Amendment approved

“Big Picture”



- Retain BKD National Headquarters and local practice office in center city
- Convention Center Hotel with direct access to Expo Center
- Sell Jordan Valley Car Park and relieve City of annual debt service obligation of approximately \$650,000
- Improvements to Expo Center including acoustics and prep kitchen

Jordan Valley Park

Deal Points – Developer Obligations

- Hammons purchases arena site, 90' strip, and Jordan Valley Car Park for \$7 Million by 9/30/08
- Hammons agrees to construct Embassy Suites or other high quality hotel franchise.
- Construction to commence by April 1, 2010* (First amendment)
 - 150 rooms – approximately 520 square feet each
 - 7-10 stories
 - Full service restaurant serving 3 meals per day and providing room service
 - Fitness and recreation center, indoor pool
 - Associated amenities

Jordan Valley Park

Deal Points – Developer Obligations

- Hammons agrees to build connector between Car Park and Hotel and between Hotel and Expo Center
- Hammons agrees to add 15,000 square feet of meeting space to Expo, install carpet tiles in exhibit hall of Expo and construct and equip a prep kitchen in Expo
- If construction not commenced by April 1, 2010, subject to excusable delay (not including financing), City has right to repurchase the Arena Site and 90' strip for \$1.00

Conditions to Developer's Requirement to Commence Construction

- Must receive all necessary land use approvals
- Must close on sale of property to Opus Northwest, LLC
- Convention & Entertainment CID tax on office building land must be capped
- Office building land must be released from bond obligations
- Exchange Agreement between City and Hammons must be amended to remove obligation to construct another 80 rooms at University Plaza Hotel
- City must approve development incentives for all projects
- Opus must enter into lease with BKD, LLP

Jordan Valley Park

Deal Points – City Obligations

- City must extend Exposition Center Operating Agreement an additional 20 years, with additional four 5-year options
- City will cooperate with the Developer to provide tax abatement for the Hotel, Connector Project, and the Car Park equivalent to 100% abatement for first 10 years and 50% abatement for next 15 years – Developer will pay a PILOT based on a \$1 Million value of the Arena Site

Jordan Valley Park

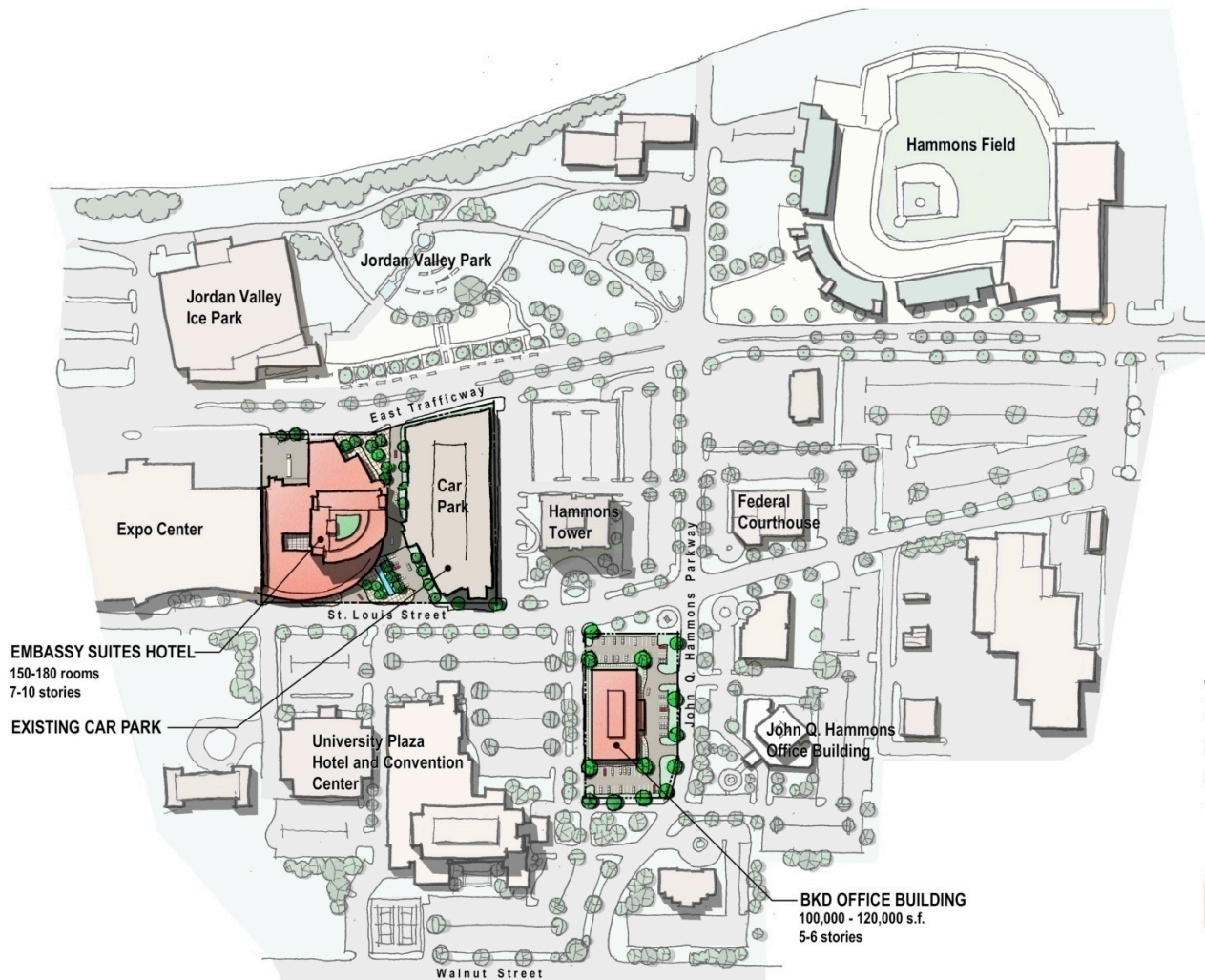
Deal Points – City Obligations

- If Chapter 100 is used to provide tax abatement, the City will permit the developer to receive sales tax exemption on hotel construction materials
- City will consider the use of a Community Improvement District or Transportation Development District to fund public improvements on the property

Development Agreement Update



- Opus Northwest / BKD building nearing completion
 - ▣ Hammons sale of property to Opus Northwest, LLC completed
 - ▣ Office site removed from Convention & Entertainment CID
 - ▣ Office site released from bond obligations
 - ▣ Executed lease between Opus & BKD and with Hammons for parking
 - ▣ Development incentives approved for office building
- Hammons Exchange Agreement amended
- Arena site, 90' strip and Jordan Valley Car Park sold to Hammons



**JORDAN VALLEY PARK/
UNIVERSITY PLAZA**
REDEVELOPMENT PLAN
Springfield, Missouri

10-1-07





College Station

Scott Tillman

“Market Avenue Redevelopment”



- 2003 - City declared public parking lots and west tuning fork surplus property and solicited proposals for redevelopment
- 2003 – 3 proposals received – 2 for residential and 1 for commercial development
- 2003- At direction of Council, developers tried to accommodate all 3 proposals on the site
- 2004 – Commercial development proposal selected when effort to accommodate residential and commercial development unsuccessful

“Big Picture”



- 14 Screen Movie Theater
 - First Run
 - Digital Projection
 - Stadium Seating
- 70,000 square feet retail, restaurant, entertainment
- 900+ parking spaces

College Station

Development Agreements

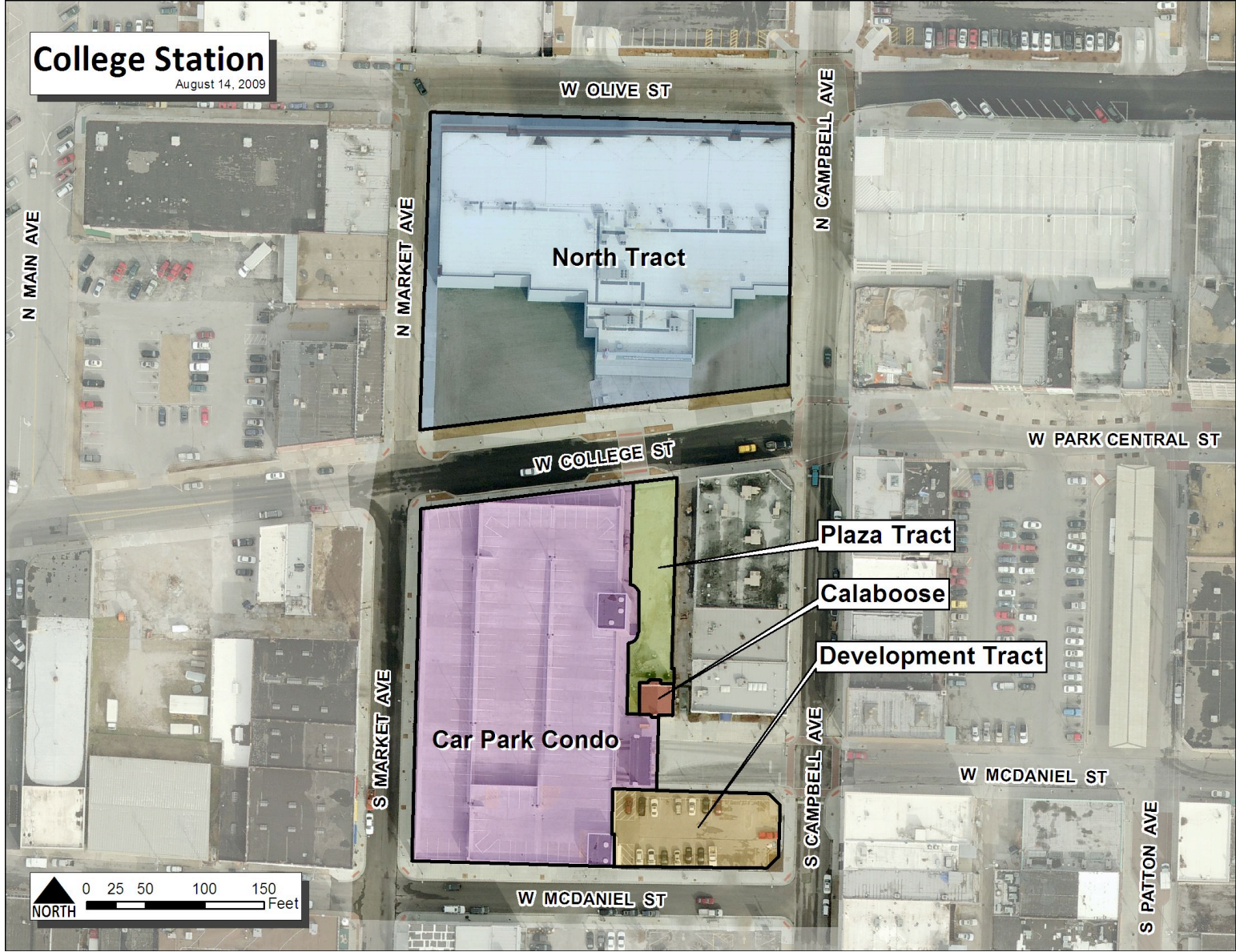
- 2004 Master Redevelopment Agreement
- 2006 First Amended and Restated Master Redevelopment Agreement
- 2008 Waiver and Modification Agreement

Agreement Date	DJIA Close	Unemployment Rate
11/29/04	10,475.90	4.5%
12/12/06	12,315.58	3.4%
12/22/08	8,519.69	6.2%
8/17/09	9,135.34	8.7%

College Station Deal Points

Developer Obligations

- Tillman pays appraised value for property - \$5.75/ square foot
- Tillman signs a lease with a first run movie theater with a minimum of 6 screens
- Tillman develops ancillary retail surrounding the theater
 - ▣ Approximately 30,000 square feet on North Tract
 - ▣ Approximately 30,000 square feet on Parking Deck condo tract
 - ▣ Approximately 15,000 square feet on Development Tract
 - ▣ Outdoor plaza area



College Station Deal Points

Developer Obligations

- City had right to repurchase North Tract if development did not occur within certain time
- Tillman must build on Development Tract (minimum of 2 stories, 15,000 square feet) within 5 years of transfer or City has right to repurchase Development Tract (purchase price less 5%)

College Station Deal Points

City Responsibility

- City agrees to provide 975 parking spaces for Theater use evenings, weekends, and holidays
- City agrees that College Station development has secondary right to use parking spaces
 - ▣ College Station Parking Deck
 - ▣ Heer's Parking Deck
 - ▣ Surface parking lots at northwest and northeast corners Olive and Campbell

College Station Parking Deck Financing

- \$1.4 Million from 1/8 Cent transportation sales tax
- Bonds issued for \$8.2 Million
- Bond Repayment
 - ▣ Community Improvement District – 1%
 - ▣ Transportation Development District – 1%
 - ▣ City's 1% general sales tax generated by the development
 - ▣ One-half of the County's 1/4 cent general sales tax generated by the development
 - ▣ Parking Revenue
 - ▣ Parking Deck Participation Payment
 - Tillman pays an amount equal to the taxes abated on improvements

Heer's Parking Deck Financing

- Commitment to build made during Prost Development Agreement – anticipation that he would lease up to 500 parking spaces during the day
- Funded \$1.5 Million through 1/8 cent transportation sales tax
- Funded \$675,000 from Level Property Tax
- Bonds issued for \$4 Million
- Bond Repayment
 - ▣ CID & TDD revenues from first \$1.25 Million in retail sales at Heer's
 - ▣ 1/2 of State general sales tax generated in the Downtown Revitalization Preservation District
 - ▣ Parking Revenue

Development Agreement Update



- Theater opened Fall 2008
- Parking Decks opened early 2008
- Surface lots refurbished
- All parcels sold to Developer





Questions?

Comments?